

\$ 4,768,983	\$ 4,874,602	\$ 4,893,857	\$ 4,893,857	\$ 4,818,974
1,275,495	1,264,451	1,264,451	1,263,714	1,674,802
2,258,335	2,200,432	2,222,342	2,158,844	2,258,256
4,254,220	3,269,240	3,351,078	3,231,871	4,870,191
2,483,320	2,554,791	2,556,040	2,505,799	2,617,969
4,798,519	4,666,207	4,666,207	4,666,207	4,779,552



Proposed Fiscal Year 2013 General Fund Budget

August 7, 2012

5,161,749	5,299,024	5,299,029	5,298,826	1,379,915
417,259	487,259	487,259	306,371	445,132
12,838,011	12,259,268	12,262,283	12,262,247	12,399,419
25,504,047	24,503,798	24,656,361	24,648,361	28,708,896
188,466,148	185,814,282	189,595,222	189,590,422	185,779,379
30,821,996	28,734,193	29,186,923	29,133,432	28,042,778



Accomplishments

- ✓ Water quality improvements
- ✓ Colorado Lagoon
- ✓ Promenade Build Out
- ✓ \$5.5 M in Park Grants
- ✓ Parklets
- ✓ Douglas Park
- ✓ Revitalized corridors
- ✓ Tourism Center Improvements
- ✓ Airport Terminal
- ✓ Courthouse construction continues
- ✓ Pension reforms
- ✓ Redevelopment successes
- ✓ Numerous awards and positive media exposure
- ✓ Multi-modal transportation network



The Road Ahead

- Significant fiscal discipline over the past nine years leaves Long Beach in a better fiscal position
 - \$209 million in deficit solutions adopted
 - 857 positions eliminated
 - Reducing 25% of the workforce and 28% of management
 - Consolidation of departments, bureaus, and divisions
 - Increased cost recovery through fees and charges
 - More efficient service delivery
 - Employees contributing more to their health/retirement costs
 - Reduced service levels
- The City has an established tradition of fiscal sustainability, which has set the stage for the deficit solutions proposed for FY 13 and beyond



Adapting to the New Normal

- Despite declining budgets, an incredible amount of work has been accomplished
 - Police and Fire continue to meet their core mission
 - Leveraged resources to construct more CIP projects, and arterial and residential streets than in the previous year
 - Provide myriad opportunities for families and youth to learn and engage in educational and recreational activities
- The City continues to look for reforms, efficiencies, and other solutions to makes the best use of our tax dollars
- While departments strive to find innovative ways to leverage available dollars, we must recognize that with continually declining resources, services will be impacted

	Original	Update
FY 13	\$16.4M	\$17.2M
FY 14	\$7.1M	\$10.9M
FY 15	\$2.6M	\$6.4M
Total	\$26.1M	\$34.5M

- FY 13 changes reflect further weaknesses in projected revenue
- FY 14 and FY 15 changes reflect \$7.7 million in increased costs to the City from CalPERS



General Fund Deficit Drivers

New Costs	FY 13 Prop	FY 14 Proj.	FY 15 Proj.	3-Year Total
Negotiated Compensation Increases	\$2.0M	\$1.6M	\$1.3M	\$4.9M
PERS Change	(1.1M)	5.3M	5.4M	9.5M
Other Health Benefit Related Increases	2.2M	2.4M	2.4M	6.9M
Other / Miscellaneous Increases	2.9M	1.0M	2.6M	6.5M
Total Expense Impact	\$6.0M	\$10.1M	\$11.6M	\$27.7M
Revenue Impact	\$11.2M	\$0.8M	(\$5.2M)	\$6.8M
Projected Annual Structural Deficit	\$17.2M	\$10.9M	\$6.4M	\$34.5M

Note: FY 14 and FY 15 deficit projections are based on current available data and will be updated as new information becomes available

Negative numbers represent expenditure reductions and revenue increases which serve to decrease the deficit. Numbers do not always total due to rounding.



Components of a Balanced Budget

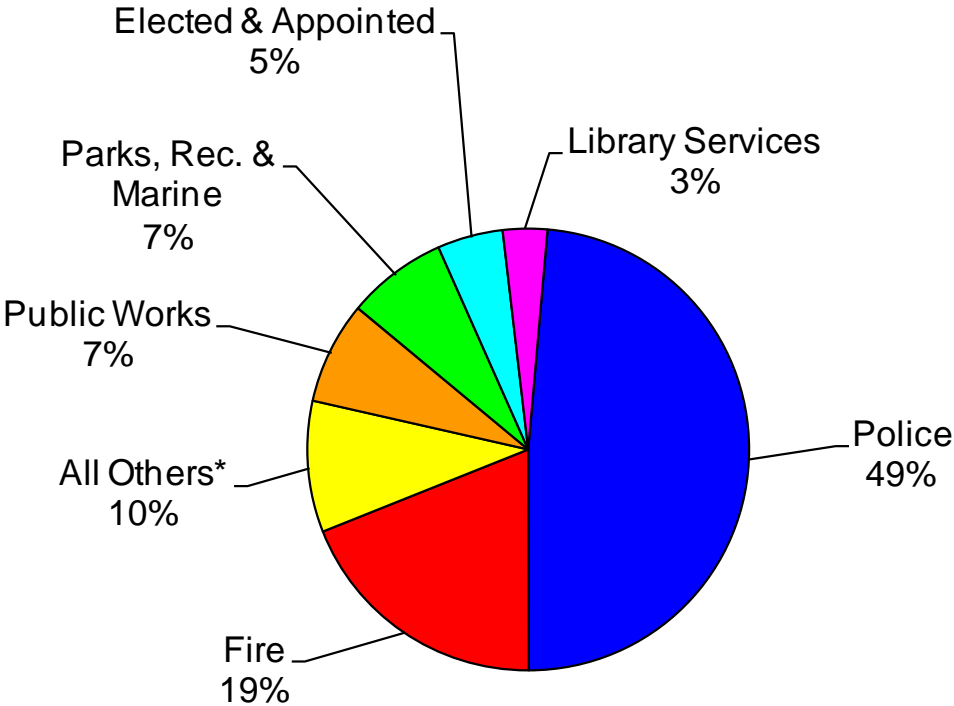
- Significant savings from pension reform have been negotiated with several employee bargaining units, including
 - POA, FFA, Attorneys, Prosecutors, Management, Confidential, Engineers, and Lifeguards
- The Mayor and City Council have led by example and picked up a larger portion of their pension costs
- Without the negotiated pension savings from employee groups, FY 13 departmental reductions would have been much larger
- City Management continues to negotiate with the City's largest employee union, the IAM
- The FY 13 Proposed Budget does not include any pension savings from IAM



Components of a Balanced Budget (Cont.)

- Government Reform and Efficiencies
- Increase in Budgeted Oil Revenues
 - Budgeted at \$65 per barrel with a price fluctuation reserve
- Departmental Deficit Solutions totaling \$17.2 million

FY 13 General Fund Allocation



*Includes City Manager, Citywide Activities, Development Services, Financial Management, Health & Human Services, and Human Resources.



Why Proportionate Share Is Important

- Ensures that our Police and Fire Departments receive the majority of the General Fund resources (68%)
- Preserves funds to pay for all the other quality of life services such as parks, libraries, code enforcement, animal care, as well as essential internal support services
- Absent a proportionate share approach, by 2030, 100% of our General Fund would go towards public safety
- Helps the City manage the growth of expenditures in department budgets
- If Police and Fire were exempt from proportionate share, cuts to other department reductions would triple (300%)



Approach to Reductions

- With cost reductions made in previous years, FY 13 reduction scenarios reflect fewer choices and options
- Rethink what we do and how we do it by focusing on efficiencies and new methods of service delivery to maintain services
- Develop and implement long-term changes to minimize the cost of services and slow the growth rate of those costs
- Continue to provide core services to the community and minimize service impacts whenever possible



Major Budget Initiatives

- One-time resources for a 40-recruit police academy to stabilize staffing, consistent with proportionate share
 - Police Department to begin the Academy preparation in FY 12
- Maintains four-person fire engines by realigning staff and operations
 - Offsets the one-time funding used last year through structural reductions (one less engine and continued light force staffing)
- Provides more oil money for operations by increasing the budgeted price of oil to \$65 per barrel, along with a price fluctuation reserve
- Makes strategic investments using one-time funding of \$17 million:
 - Fire Station gender accommodations; technology improvements; Police Academy; transition to a new paramedic services model



Major Budget Changes

- Implement an alternative paramedic service model, increasing paramedic service at a reduced cost
- Reduce Police staffing for special assignments/units and transfer workload to other units or patrol officers
- Reduce Police support services personnel who assist in case preparation, crime analysis, prisoner transport and administrative support
- Finalize consolidation of the South and West Police Divisions to create a Central Division
- Increase 7 officers in Tidelands funded by the Port



Major Budget Changes (Cont.)

- Seek program partners for adaptive recreation, senior center, and Nature Center as funding is reduced
- Focus free or subsidized After School and Youth Sports programs in higher risk areas
- Reduce swimming programs
- Reduce the Park Rangers program at El Dorado Regional Park to Friday, Saturday and Sunday
- Reduce programs and hours at the Main Library to match hours at branch libraries
- Six branch libraries will become "self-service" facilities, with access to the library but less librarian assistance and fewer supporting staff



Major Budget Changes (Cont.)

- Reduce sidewalk program from \$3 million to \$2 million
- Reduce tree trimming funding and competitively bid all remaining in-house tree trimming functions
- Enact proportionate share reductions of all other General Fund departments, including appointed, elected, and internal service departments

	Total	Filled
General Fund		
- Sworn*	(43.00)	(36.00) *
- Non-Sworn	(116.30)	(114.20)
Subtotal:General Fund	(159.30)	(150.20)
All Other Funds		
- Sworn	7.00	7.00
- Non-Sworn	(141.49)	(38.03)
Subtotal: Other Funds	(134.49)	(31.03)
Total	(293.79)	(181.23)

* Reductions will be through attrition and eliminating vacant positions. No sworn positions will be laid off.



General Fund One-Time Enhancements

<i>REVISED ONE-TIME RECOMMENDATIONS</i>	Amount
Provide funding to bring Fire Stations into conformance with Title VII gender equity requirements, and transition to new paramedic service model (Fire)	\$4,000,000
Parking citations, billing systems and accounts payable decentralization project costs. (Financial Management)	1,428,445
Installation of library self-checkout technology (Library Services)	400,000
Supplemental funding for Police Academy; Prisoner transport vans (Police)	3,125,000
Rancho Los Cerritos capital improvement (Parks, Recreation & Marine)	500,000
Down payment on a new financial and human resources system (\$3.79M), land management and revenue systems (\$0.5M), NATS conversion to Infor (\$0.08M), PRM system improvements (\$0.15M), and video surveillance cameras (\$1.26M)	5,780,000
Sidewalk Funding	1,000,000
Funding to support review of competitive bidding opportunities and reductions to premium pays	\$700,000
TOTAL	\$16,933,445

Funding Sources: \$10.9M one-time oil over \$55/bbl; \$3.6M ambulance billing back payment available due to AB 678; \$1.84M remaining Refuse Fund street- sweeping nexus back-payment; \$596k one-time SERRF tip fee differential



Other Funds

- Other funds were adjusted to reflect revenue increases
- Reductions were made to offset higher labor costs and declines in funding

Fund	Amount	Positions
Airport	(1,570,388)	(4.00)
Capital Projects	(78,488)	(0.26)
Civic Center	(101,879)	(1.15)
Community Development Grants: CDBG	(767,807)	(7.48)
Community Development Grants: Workforce	(1,830,605)	(23.50)
CUPA	211,818	0.50
Development Services	639,949	0.18
Employee Benefits	64,863	0.42
Fleet	(352,215)	(5.00)
Gas	(759,989)	(7.80)
General Services (TS)	(795,782)	(4.00)
Health	(1,648,509)	(15.14)
Housing Authority	(183,737)	(2.00)



Other Funds (Cont.)

Fund	Amount	Positions
Housing Development	(540,261)	(13.94)
Insurance	(93,576)	(1.14)
Marina	(312,772)	(3.29)
Rainbow Harbor	(41,512)	(0.33)
Redevelopment	(3,017,645)	(31.63)
Refuse	(504,001)	(6.63)
SA-RD Obligation Retirement	247,813	2.00
Special Advertising & Promotion	7,908	0.10
Tidelands Operating	(234,846)	5.30
Tidelands Oil Revenue (Admin)	(191,488)	(1.00)
Towing	(453,782)	(2.00)
Transportation	(642,289)	(12.70)
Total	(12,949,220)	(134.49)



Redevelopment Fund Impacts

- State elimination of Redevelopment Agencies has hurt redevelopment statewide
- Long Beach has done very well protecting as many activities as possible
- Budget is balanced for the Successor Agency, including payment on obligations
- Budget does not include extra property tax revenue or associated costs, due to their high level of uncertainty
- Will report back after additional information is received from the State in January



FY 13 Governmental Reform

- Proposed FY 13 initiatives include:
 - Evaluate alternative service delivery methods, including competitive bidding
 - Change parameters for special pays and overtime
 - Combine like functions
- Evaluate Management Partners' recommendations and analyze potential cost saving measures



Three-Year Impacts

- The General Fund is projected to face an additional \$17.3 million deficit for FY 14 and 15 combined
- The primary deficit drivers for FY14 and 15 are on the expense side, which includes employee costs and continued weak revenues
- Financial challenges are likely to remain beyond even FY 15 should compensation costs continue to grow



Summary

- The “new normal” economy makes our challenges in delivering services even greater
- Revenues will not grow in the new economy to allow us to deliver current level of services at our current costs
- Costs and cost growth must be reduced through new methods of service delivery and other approaches
- Long Beach has been and will continue to be aggressive in developing solutions to maximize services to the community
- New models of service delivery will be explored and put into action
- We will also continue to pursue new revenue opportunities as a means to maintain services

Many opportunities for the public and the City Council to consider the Proposed Budget

- Budget Oversight Committee Meetings
- Budget Hearings
- Community Budget Meetings
- Interactive Budget Online

Meetings Already Held

- March 6 - GP Deficit Presentation
- April 17 - Revenue Generating Options
- June 18 - BOC Meeting
- June 19 - Management Partners Presentation
- July 3 - Management Partners Presentation
- July 16 - BOC Meeting
- July 24 - Pension Options

Community Meetings Scheduled

- August 13 - 7th District
- August 15 - 1st District
- August 16 - 2nd District
- August 16 - 3rd District
- August 20 - 5th District
- August 23 - 9th District
- August 27 - 8th District
- August 28 - 6th District
- August 30 - 2nd District
- September 5 - 4th District



Council Hearing Suggested Topics

August 14 - Police / Fire / Library / Parks, Recreation and Marine

August 15 - Budget Oversight Committee Meeting

August 21 - Public Works / CIP / Gas & Oil / Water

August 28 (Tentative) - Harbor / Other Departments / Council Requests

September 4 - Budget Oversight Committee Meeting

September 4 (3:30 PM) - Budget Deliberation / Adoption

September 4 (Evening) - Budget Deliberation / Adoption

September 11 (3:30 PM) - Budget Deliberation / Adoption

September 11 (Evening) - Budget Deliberation / Adoption

Note: Topics are tentatively scheduled and are subject to change



Long Beach Budget Challenge

- Online budget simulator requested by the City Council
- Allows residents to “balance” the City’s budget
- Designed to show how different preferences impact other service areas
- Uses illustrative reductions
- Response information will be provided to the Council, but not designed as a statistically accurate tool
- www.longbeach.gov/budgetchallenge/

YOUR CHALLENGE

How Will You
Balance the City of
Long Beach Budget?

Start Now!



\$ 4,768,983	\$ 4,874,602	\$ 4,893,857	\$ 4,893,857	\$ 4,818,974
1,275,495	1,264,451	1,264,451	1,263,714	1,674,802
2,258,335	2,200,432	2,222,342	2,158,844	2,258,256
4,254,220	3,269,240	3,351,078	3,231,871	4,870,191
2,483,320	2,554,791	2,556,040	2,505,799	2,617,969
4,798,519	4,666,207	4,666,207	4,666,207	4,779,552



Proposed Fiscal Year 2013 General Fund Budget

August 7, 2012

5,161,749	5,299,024	5,299,029	5,298,826	1,379,915
417,259	487,259	487,259	306,371	445,132
12,838,011	12,259,268	12,262,283	12,262,247	12,399,419
25,504,047	24,503,798	24,656,361	24,648,361	28,708,896
188,466,148	185,814,282	189,595,222	189,590,422	185,779,379
30,821,996	28,734,193	29,186,923	29,133,432	28,042,778